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Price-Cost Squeeze on French Farms

EEC Farm Prices

The Mohair Industry and World Trade

Foreign Agricultural Service
U.S. DEPARTMENT OF AGRICULTURE

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Many middle-income farmers have modified ancient stone barns to accommodate the modern farm machinery they own.

By HARRY W. HENDERSON
Foreign Agricultural Service

"Les prix sont trop bas, les coûts trop chers." Prices are too low, costs too high.

That's the complaint of Émile Bazerolle, a good farmer and mayor of the Burgundy village of Veuvey sur Ouche, France.

"It takes hard work just to break even," Monsieur Bazerolle said. "Producers who want to get ahead have no choice; they must improve their efficiency or turn to other work."

M. Bazerolle, with government assistance, is modernizing his farm. Recently he put into operation a new milking parlor. The installation, in addition to the standard mechanical milking equipment, includes an electrically operated manure disposal system.

M. Bazerolle has a herd of 35 purebred Pie Rouge de l'Est (Simmenthal) cows and plans to increase his herd. He farms 180 acres, about half of which are in wheat and barley.

A few miles away at Cestres, René Mornand farms 250 acres as compared with 130 acres a few years ago. He harvests 160 acres of barley and milks 30 cows.

"I couldn't make a living on the smaller acreage," Mornand explained. "I rent the additional land I need from my father, who has retired from farming." Mornand plans to buy a new tractor, plow, and other machinery to handle the acreage.

Farmers expand operations

What is happening in Burgundy also is taking place to a greater or smaller degree elsewhere on France's medium-sized farms. Producers are increasing the acreage they farm. They are buying more machinery to use on the larger acreages. They are using more fertilizer and are improving agricultural practices all along the line. They are making maximum use of co-ops as a means of keeping production and marketing costs down. They hope, through all these means, to beat the cost-price squeeze—to attain a larger measure of prosperity, such as has come to the large grain and sugarbeet farms in the Parisian Basin and northern France.

The increasing efficiency of France's large and middle-sized farms has been reflected in expanded production of almost all commodities—meat, milk, poultry, eggs, and grain. But grain production reflects efficiency to the greatest degree. Yields of wheat have risen nearly 50 percent in the past 10 years and corn 65 percent.

France still imports about 365,000 metric tons of U.S. durum wheat; 250,000 tons of hard wheats; and about 500,000 tons of corn, the latter of special grades for industrial use and for

France's Medium-Income Farmers Fight the Cost-Price Squeeze

Above, Mayor Bazerolle, right, talks with power company representative. Below, housewives at the Co-op grocery bus.

feed in Brittany. But France would like to meet more of its own needs and—already a net exporter of wheat, corn, and barley—to step up shipments to other countries, particularly its partners in the European Economic Community. To the extent that French farmers can increase grain production, the need for imported grain from the United States and elsewhere would be reduced.

American machinery popular

Use of farm machinery is, of course, a key factor in increased farming efficiency. Significantly, farm machinery was a major point of interest for Burgundy farmers visiting the International Exposition of Foods, Wines, and Gastronomy, which ran at nearby Dijon November 4-12, 1967. In an outside display area covering several acres farmers examined and priced all types of farm equipment—heavy crawler tractors and small garden-type cultivators, combines, corn pickers, rakes, plows, harrows. Machines of many U.S. firms were represented. Most are constructed in France and West Germany by branch plants of U.S. concerns and are very similar to those sold in the United States.

Industry sources report that tractor sales in France in 1966 totaled close to 80,000 compared with only 21,000 in 1961. Of the 1966 total, over 25 percent, or about 21,000, were made in American-owned European plants.

Medium-size farm-type wheel tractors cost 22,500 francs, or about $4,500. The government pays 10 percent of the purchase price of the first tractor the farmer buys. The remainder may be financed at an 8-percent rate of interest over a 5-year period. Farmers wishing to buy a tractor and use it cooperatively may do so through a cooperative financing organization.

French farmers are co-op minded. They market much of their milk, eggs, grain, and certain other commodities through co-ops. They buy a substantial part of such production items as protein meal, seed, and fertilizer through co-ops. For housewives, co-op grocery buses travel through the countryside selling many of the kinds of items that American women buy at the neighborhood shopping center.

French farmers are "cooperative" in other ways. In the Burgundy area, for example, and in some other parts of France, the farmers live in villages rather than in houses on the land that is tilled or pastured. Cows, poultry, and other livestock are kept in buildings that make up part of the village. Each day the cows of the dairy farmers are driven through the village to the pasture, then back again in the evening to be milked. The tractor and combine are kept in the village, although some less expensive pieces of equipment are left in the fields. Each day the farmer who is producing grain or other field crops drives his tractor to the fields he owns—which may be some distance from the village. This introduces some inefficiency.

The "village system" has some advantages, however. It facilitates the sharing of tractors, combines, feed grinders, and other types of equipment. It has facilitated rural electrification (virtually all French farms have power) and establishment of community running water systems. It takes some of the loneliness out of farm living and adds an element of security in time of sickness or emergency. Regardless of the type of rural social organization, the emphasis is on improved efficiency.

"The trend is irreversible," said one agriculture official in Dijon. "French farmers *must* modernize—and they know it. They are tired of incomes that are relatively lower than those received by nonfarm workers. The only way they can boost income is to increase production per acre and per animal unit. That's what they are doing."

He pointed out that grain production responds to improvements in efficiency much more rapidly and in greater degree than does livestock production.

"Our grain production will continue to rise," he said. "Higher prices for feedgrains, which were recently established by the EEC Council beginning July 1, 1968, will accelerate the upward movement a little—but please remember that the upward trend already had begun."

"What will increased efficiency mean in terms of grain imports from the United States and other exporting countries?" the official was asked. He shrugged.

"The more our farmers produce, the less we need to import. And we *are* going to produce more."

The message for U.S. farmers is obvious.

EEC Sets Higher Farm Commodity Prices

By REED E. FRIEND
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In a recent session of the Council of Ministers of the European Communities, agricultural ministers of the six EEC countries agreed to price changes for a number of basic agricultural commodities. The new prices will become effective on various dates prior to September 2, 1968. Of these price changes, those for feedgrains are potentially the most damaging to American agricultural exports.

The primary objective of the price changes is to alter the patterns of production of certain commodities by altering price relationships. A second important objective is to improve incomes of farmers.

New prices favor feedgrain production

The new schedule calls for increases in target prices of corn and barley but leaves wheat prices unchanged. Price increases for corn and barley are substantially below those earlier recommended to the Council by the Executive Commission of the European Communities.

The new target price of corn, $94.94 per metric ton, is $3.31, or 4.75 percent, more than the present price. For barley, the new target price, $94.44 per metric ton, is $3.19, or 3.5 percent, greater than the present price. Assuming no change in world prices of these two grains, variable levies on imports from nonmember countries will rise by the same dollar amounts per ton.

For durum wheat, the target price is to remain at $125 per metric ton. Producer subsidies are to be continued so that farmers receive $145 per metric ton. The target price for non-durum wheat at Duisburg, West Germany—the area in the Community with the largest deficit—is to remain at $106.25 per metric ton.

The new feedgrain prices agreed to by the Council will give Community grain producers a greater incentive for expanding production of feedgrains rather than wheat, and livestock producers will have more incentive for using wheat in their feeding programs.

It is very likely that the corn and barley price increases—resulting in additional price incentives to domestic feedgrain production, increased levies on feedgrain imports, and possibly a lower cost for feeding wheat—will adversely affect the growth of EEC imports of feedgrains from nonmember sources. Increased feedgrain prices will also tend to push the retail prices of meats, milk, and eggs to higher levels and so act to restrict consumption. The cost-of-living index—reflecting these animal-product price increases—will tend to rise.

Another important effect of the grain price adjustments will be an alteration in the revenues and expenditures of the European Agricultural Guidance and Guarantee Fund (FEOGA). Certain tendencies may be anticipated: Higher levies will increase revenues, but may be offset to some extent by reduced imports; with higher corn and barley prices, wheat will become relatively more attractive as a livestock feed; more wheat going into feed through normal marketing channels will reduce the costs to FEOGA of supporting wheat prices via either export subsidies or denaturization subsidies for stocks sold as livestock feed.

The price adjustments follow closely the removal of remaining barriers to intra-Community trade, which will enhance France's ability to export surplus wheat to other EEC countries. Thus the overall effect appears to be a substantial reduction in the payments to FEOGA by member countries for the support of the Community's high common cereal prices. It must be remembered, however, as previously mentioned, that the consumer finally pays via higher retail prices for the various livestock products.

Community's corn self-sufficiency down

A comparison of corn statistics for the 3 marketing years 1955-57 and the 3 marketing years 1963-65 shows that the Community's self-sufficiency in corn dropped from 68 percent in the earlier period to 46 percent in the later. Average annual corn production in 1963-65 had expanded by 42 percent over that in 1955-57, but the feeding of corn to livestock had more than doubled. Net imports of corn by the EEC rose from an average annual 2.3 million metric tons in 1955-57 to an average annual 7.9 million metric tons in the 1963-65 period.

A comparison of barley statistics for the same two 3-year periods shows that the Community was producing 62 percent more barley in 1963-65 and had become self-sufficient in this grain. In the 1955-57 period, self-sufficiency in barley was 77 percent, and net barley imports averaged 2.2 million tons annually.

The Community is now a net exporter of wheat. Its self-sufficiency rose from 89 percent in 1955-57 to 102 percent in 1963-65. Imports—mostly high-quality varieties—averaged almost 4 million tons annually in the later period but were exceeded by exports, which were almost exclusively soft wheat from France.

New rye and rice prices

For rye, the new target price is $3.75 higher than the existing price. Rye production is of minor importance in all areas of the Community except West Germany, where rye bread is still popular. Area, output, and consumption of rye in the Community have all declined substantially in the last decade.

For rice, the Council approved an increase of $7.20 per metric ton in the target price. This was done to maintain a proper price relationship with corn, which is considered the cereal crop producers most likely would substitute for rice. Community rice self-sufficiency has been 75 to 85 percent in recent years, with net imports of 150,000 to 250,000 metric tons annually. Rice imports are of the hard, long-grain varieties that cannot be produced in the Community.

Prices better reflect relative feed values

A comparison of existing and future target prices for corn, wheat, barley, and rye in relation to the approximate values of these grains as livestock feeds indicates that the future prices are slightly more in line with relative feeding values. The most significant change in these relations is a narrowing of the gap between feed values and target prices of wheat, although the gap has also been narrowed for rye and barley.

These comparisons are shown in the table below, along with feeding equivalents of barley, wheat, and rye relative to corn for the three classes of livestock that consume most of the EEC's feedgrain.

U.S. FEEDING VALUE AND EEC TARGET PRICES OF BARLEY, WHEAT, AND RYE RELATIVE TO CORN

Grain	Index of value of grain as a feed[1] for—			Index of EEC grain target price	
	Dairy cattle	Hogs	Poultry	Existing price	Future price
Corn	100	100	100	100	100
Barley	100	90	80	101	99
Wheat (non-durum)	105	103	105	117	112
Rye	90	80	----	104	103

[1]Indices of feeding value from *Consumption of Feed by Livestock 1940-1959*, Production Research Rept. 79, USDA, March 1964. These indices are based on feeding experiments conducted in the United States.

It should be recognized that although grain prices are more in line with relative feeding values, the overall effect of the adjustments is even more uneconomic grain price levels.

Beef prices up, milk stable

The new agreement calls for increased target (or guide) prices for beef cattle and calves. The price increases, coupled with no change in the target price of milk, could result in greater direct use of milk for livestock feeding. Beef and veal target prices will be higher relative to wheat but slightly lower relative to corn and barley. However, grain prices are not critical in determining beef and veal outputs since little grain is fed to slaughter cattle in the Common Market.

Commission officials have stated that if production of beef rather than milk is to be encouraged, the market price for all grades of mature cattle must be at least 7 times the producer price for milk. Commission efforts to establish this beef-milk price ratio were unsuccessful at last year's setting of common prices for these commodities; the ratio set was 6.8 to 1. At present, there is an increasing availability of milk and a persistent butter surplus, while supplies of domestic beef and veal fail to meet a constant rise in demand. Significantly, the new target price for beef is 7 times the target price for milk.

Two other barriers to a rapid increase in the production of beef are the existing farm structure and consumer preference for dark red, lean beef. Farms tend to be very small, and a higher income can be obtained on them through intensive operations such as dairying. On most farms beef production is a byproduct of the dairy industry. The preference for dark, lean beef handicaps development of a specialized beef-feeding industry. In most French livestock markets, the price received for baby beef is lower than that received for older grass-fed cattle. The effect of the price changes on beef and veal production will be limited by these factors.

New prices for other commodities

For oilseeds and sugarbeets, as well as for milk, proposed target prices will be the same as those established in July 1966. Only a very slight increase was approved for olive oil; the producer target price is already at a very high level. The intervention price was not changed.

The basic price for pork is a new feature of the pork regulation, added following demands from farm interests for EEC market intervention. Intervention purchases are not mandatory until market prices are 8 to 15 percent below the base price.

Some Commission officials had seen the need for a round of price adjustments develop as prices were set between December 1964 (for grains) and July 1966. These officials had foreseen that for political reasons any such adjustments by the Council would be made by raising the prices of commodities such as feedgrains and meat, which are imported in large quantities relative to those in which the Community is self-sufficient. Although the changes are not large on a percentage basis, they add to the Community's already high protection and to the impetus for increasing self-sufficiency.

NEW AND OLD PRICES FOR 13 BASIC AGRICULTURAL COMMODITIES

Commodity and price class	Unit	Existing price	Future price	Period of application
		U.S. dol.	*U.S. dol.*	
Corn:				
Target	Metric ton	90.63	94.94	8/1/68 to 7/31/69
Barley:				
Target	do.	91.25	94.44	Do.
Intervention	do.	85.00	87.97	Do.
Wheat (durum):				
Target	do.	125.00	125.00	Do.
Intervention	do.	117.50	117.50	Do.
Producers' guaranteed	do.	145.00	145.00	Do.
Wheat (non-durum):				
Target	do.	106.25	106.25	Do.
Intervention	do.	98.75	98.75	Do.
Rye:				
Target	do.	93.75	97.50	Do.
Intervention	do.	87.50	91.00	Do.
Rice:				
Target	do.	181.20	188.40	10/1/68 to 8/31/69
Beef cattle:				
Target	Cwt.[1]	30.05	30.84	4/1/68 to 3/31/69
Calves:				
Target	do.	40.60	41.50	Do.
Pork:				
Basic	Cwt.[2]	. . . .	37.87	11/1/67 to 5/30/68
Milk:				
Target (at farm)	Cwt.	4.42	4.42	4/1/68
Olive oil:				
Target:				
Producer	Metric ton	1,150.00	1,152.50	11/1/67 to 10/31/68
Market	do.	800.00	802.50	Do.
Intervention	do.	730.00	730.00	Do.
Oilseeds:				
Target	do.	202.50	202.50	7/1/68 to 6/30/69
Intervention	do.	196.50	196.50	Do.
Sugar:				
Target:				
Minimum beet	do.	17.00	17.00	Do.
White sugar	do.	223.50	223.50	Do.
Intervention:				
White sugar	do.	212.30	212.30	Do.

[1]Live weight. [2]Slaughtered hogs.

Fashion Steers the Mercurial Mohair Market

The world mohair industry took a breather last year from the frantic ups and downs that have long dominated its history. Output of mohair dropped about 4 percent from the near record of 1966, while preliminary data indicate little change in trade. Industry members cannot forget, however, the past trade swings in mohair, so they persist in efforts toward developing uses for mohair that are dependent on more reliable demand than the fashion cycles that play havoc with long-range production and marketing plans.

Despite slight advances in the world's three mohair producing countries—the United States, South Africa, and Turkey—overall output in 1967 was still 3.6 million pounds short of the record 66.4 million set in 1965 and 2.4 million below the 1966 level. Production in both the United States and South Africa declined, while Turkish production rose slightly from that of 1966.

The smaller clip is attributed to decreasing goat numbers on farms and ranches—4 percent less in the United States, where the 1967 clip was off 5 percent to 28.0 million pounds. This was the first year the United States registered a decline since it joined Turkey and South Africa as a major mohair producer. South Africa's production drop was also the first setback in a steady upward trend; its decrease was caused by a drought that necessitated the slaughter of many goats, but production estimates of 13 million pounds show only a slight decline from the 14 million clipped in 1966. Turkey's clip is estimated at 19.8 million pounds, up slightly from 19.4 million in 1966.

Yet, despite this decline in world mohair production for the second straight year, mohair exports on the world market continued to rise from the low of 20.6 million pounds in 1964. They climbed to 33.1 million in 1966, an increase due mainly to larger exports from South Africa and the United States, and they probably held steady in 1967.

Historically, a fluctuating market

This year promises neither dramatic gains nor losses for the mohair industry. Yet traditionally, this "feast or famine" fiber, which to date has been used almost exclusively for apparel, has a reputation for wide and abrupt market fluctuations. This has led to almost incredible production peaks in a number of years with corresponding profits for farmers and processors. An outstanding record year in the early days of the industry was 1912, when production leaped to 23.4 million

Clockwise from right, several young Angora goats explore rocky terrain on their Texas ranch; full grown Angora male on a hilltop in Turkey surveys his world with noble air; Mehemet Eker inspects hank of raw mohair as it arrives at the new factory for processing the wool fiber in Derinsu, Turkey.

pounds. Another good year was 1951, when U.S. farmers received more than twice the 57 cents per pound price commanded by their mohair in 1966. Moreover, a rapid shift during the mid-1950's in the U.S. role from importer to exporter marked an upward trend in mohair trade and production. Annual shipments during 1956-60 averaged 14.9 million pounds, a dramatic increase over the 0.9 million exported in 1953.

Equally memorable are the crash years in the mohair industry. Unfavorable price competition from wool led to widespread replacement of Angora goats by merino sheep in South Africa between 1912 and 1930 and caused a sharp drop in mohair production during those years. A drastic decline in Turkey in 1957-58 resulted from foot-and-mouth disease and insufficient feed supplies. Fickle clothes styles in 1964 reduced exports 50 percent from the 43.9 million pounds exported in 1963—a reduction that was followed immediately by the largest production record ever in 1965.

In perspective, overall growth seen

Ups and downs in mohair production have been conspicuous over the 150 years of the fiber's presence in the world market on a large-scale basis. However, the broad analysis shows growth, and comparison with mohair's status at the beginning of the 19th century as the staple of Turkey's cottage industries reveals impressive progress.

The Angora goat, whose fleece provides the mohair fiber, is probably native to Turkey, the only place mohair was produced until the 1830's and the country from which the goats were exported to South Africa and the United States. Because the combination of Angora Province's soil and climate is particularly suited for the growth of long, silky hair—even on dogs and rats—the area is still noted for its top-quality mohair, although frequent feed shortages counter these advantages to give Turkey the lowest average yield per animal.

Until 1820 Turkey prohibited the sale abroad of the raw fiber. All mohair was handspun and handwoven into textiles before shipment to Europe. But in 1835 England began processing mohair, and demand for the raw material developed rapidly. To meet the increased demand the raw material was changed somewhat, and the pure Angora was crossed with the Kurd, or common goat, resulting in the heavier but coarser fleece that is produced today.

Angoras were first introduced into South Africa in 1838. Some 40 years later the Sultan of Turkey forbade the export of the goats, but by that time a sufficient number had already been shipped to establish the South African mohair industry, which expanded rapidly during the late 19th century. Stiff competition from wool discouraged mohair production between 1912 and 1930. But with relatively favorable prices since that time, South African production has been increasing. In fact, scientific control of Angora breeding and management has given the industry the highest mohair yield per animal in the world. The quality of the 1967 clip is reportedly shorter and finer than previously, which should boost the yield even higher, for the fleece contained less grease-holding dust and sand.

The first Angoras to reach the United States were brought here by Dr. James Davis in 1849. Dr. Davis had been sent to Turkey at the request of the Sultan to experiment in the culture of cotton. In reward for his work, the Sultan presented him with nine of Turkey's finest goats. Further imports were made in later years, and the goats spread rapidly across the southwestern United States. Currently, about 97 percent of all the goats in the country clipped for mohair are in Texas. The remaining clip is produced in Arizona, New Mexico, California, Oregon, Utah, and Missouri. The few found in other sections are kept primarily to rid pastures of brush.

Mohair trade today

Today the United States is the world's largest producer of mohair, a position it has held for a decade since replacing Turkey in that spot. Estimates for 1967 place U.S. production at 28 million pounds out of the world total of 62.8 million. As recently as 1952 Turkey and South Africa, the only other countries where the Angora goat is successfully raised, were exclusive members of the mohair trade, and the United States (with exports of its 12.2 million pound clip negligible) was a net importer of the fiber. But since then U.S. export totals have leaped dramatically. In 1956 the United States outranked Turkey for the first time, and 2 years later U.S. mohair exports—valued at $11.9 million—accounted for 77 percent of domestic production.

The second major change of recent years in the notably erratic mohair market has been the rapid escalation of the United Kingdom to the place of world's largest mohair importer. Between 1953 and 1959, the British textile industry tripled its consumption of the fiber and replaced the United States as the largest user of mohair. During the later half of the 1950's, two-thirds of U.S. mohair exports were sent to the United Kingdom; last year it received 19.3 million pounds of the 33.1 million sold on the world market. The increased consumption is apparently due to British manufacture of a wide range of novelty fabrics made of blended fibers.

Japan is another good market for mohair, although its fluctuations in demand—even for the mohair industry—are wide. Annual imports since 1960 have ranged from a high of 6.8 million pounds in 1961 to a low of 2.4 million in 1964. However, the trend is again upward. Although last year's import total was just half the record reached in 1961, it was 23 percent above the preceeding year, and prospects are good for continued gains. This growth reflects the rapidly developing Japanese textile industry rather than Japanese interest in mohair products.

Future hinges on stable markets

Introduction of the Angora goat from Turkey to South Africa and the United States and the industrialization of mohair textile production in England in the 19th century permitted production to expand, but the necessary reliance on clothing trends has given Angora breeding the mark of being a gamble. To counter this reputation South Africa's Mohair Control Board has geared intensive promotion efforts to market stabilization, which has concentrated on foreign promotion. The market abroad is emphasized because the South Africans themselves consume practically no mohair, which under the best conditions cannot compete pricewise with wool. The problem caused by lack of a domestic market has been compounded by South Africa's lack of processing facilities so that mohair exports have consisted almost exclusively of unprocessed fiber, a product more difficult to sell.

The Board has also successfully encouraged the U.S. mohair industry to support market promotion. Agreement reached by the mohair industries is shown by joint efforts, such as a meeting held in Texas last February, which paved the way for coordinated projects in the future. Efforts to date have

centered on developing new uses for the fiber and on establishing a special levy for advertising and promotion programs. The latter has shown concrete results first.

In the United States, where a program was initiated in February 1967, promotion projects under the American Sheep Producers Council, Inc., and the Mohair Council of America, Inc., received deductions from producers' support payments amounting to 1-1/2 cents per pound on shorn wool and mohair: in South Africa the deduction was 2 cents. It is too soon to know what shape promotion will take. The mohair industry presumably looks to promotional efforts of the wool and textile industries where cooperative intercountry ventures are standard, but mohair ads, slogans, and symbols remain to appear in publication.

New products and new markets sought

Development of new uses presents a problem because mohair is a specialty fiber for which manmade and other fibers can be readily substituted. However, mohair's luster and durability make it uniquely well suited for use in certain worsted blends, plushes, and linings; and coarse, less expensive mohair is acceptable for carpeting, draperies, blankets, and automobile and furniture upholstery. It is still true that about 40 percent of the demand for mohair originates in the world's high-fashion clothing industry, but recently some stabilization of the mohair market has begun in line with increased nonfashion use of the fiber.

Another change that has affected mohair exports already and that can be viewed as a potential growth factor is the increase in trade with Eastern Europe. According to a report prepared by the Export Promotion Center in Turkey, mohair exports from Turkey during the last few years have been decreasing because of fashion changes, which have decreased mohair consumption in many major importing countries. However, the drop is accompanied by market expansion in a new direction that lessens, though it doesn't counteract, losses in the West European market. Turkish exports of mohair for 1966 fell 2.8 million pounds from the 9.9 million shipped in 1965; but of this total, shipments to Czechoslovakia, Poland, Hungary, Yugoslavia, the USSR, and East Germany increased considerably to 3.7 million pounds, more than 50 percent of the total.

Favorable developments, however, do not answer current market problems, and 1966 was the third year in a 5-year period that the price support program was employed in the United States. Payments on 1966 marketings of mohair in the United States were $6.0 million—up sharply from a year earlier. For 1967 the payment rate was probably higher again as a result of a further drop in farm prices. The support in 1968 is set for 77 cents per pound.

It is apparent that, despite current efforts toward market stabilization, which should ultimately lead to expansion, demand for mohair will probably remain for some time largely dependent upon fashion trends and economic prosperity in the Western world. The extreme fluctuations in demand and prices of the past will probably continue to be characteristic of the industry.

Hong Kong Increases Its Imports of U.S. Cotton

The United States was the leading supplier of cotton to Hong Kong during the most recent crop year, August 1, 1966, to July 31, 1967, because of its competitive prices. Hong Kong imports of U.S. cotton were up nearly 50 percent—from 121,431 bales (480 lb. net) in 1965-66 to 182,261 in 1966-67.

Hong Kong's total cotton imports from major suppliers (including the United States) increased during this period and were 13 percent more than those of the previous year. The increased purchases in 1966-67 were in response to continued expansion in textile capacity in Hong Kong. A large portion of the country's textile output is exported, and two large markets are the United States and the United Kingdom.

Rising cotton prices during late 1967 could hamper increased Hong Kong raw cotton imports in the current season and contribute to an increase in consumption of manmade fibers by the mills.

The countries that had the most significant volume gains of sales on the Hong Kong market in 1966-67 were the United States, Kenya, Brazil, Argentina, Uganda, and Tanzania, in that order.

HONG KONG'S COTTON IMPORTS

Source	1965-66		1966-67	
	Quantity	Value	Quantity	Value
	Bales	Mil. U.S. dol.	Bales	Mil. U.S. dol.
United States	121,431	13.6	182,261	18.6
Pakistan	148,821	15.8	147,201	16.0
Brazil	94,984	11.3	109,261	12.0
Tanzania	101,920	13.9	106,126	13.8
Uganda	33,214	4.2	40,983	5.2
Kenya	17,648	2.3	40,464	5.0
Mexico	37,614	4.6	29,331	3.6
Argentina	---	---	11,110	.9
Guatemala	9,973	1.3	7,767	1.0
Nicaragua	24,795	3.1	7,537	.9
Others	50,712	5.9	45,585	5.1
Total	641,112	76.0	727,626	82.1

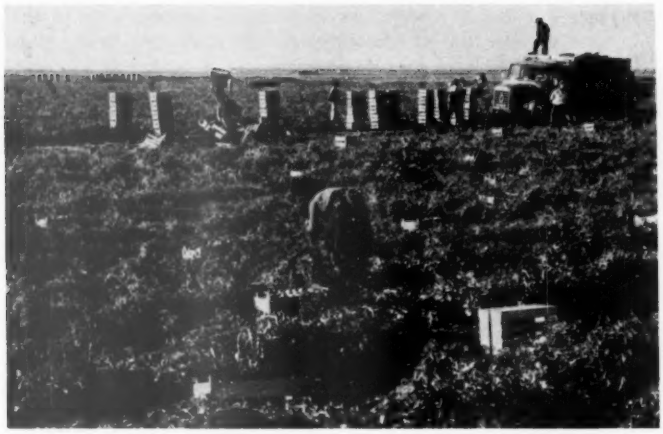
Nigeria Rehabilitating Cocoa

The Western Nigeria State Government has embarked on a program to replace 100 million old cocoa trees with new seedlings. The new plantings could be ready for a first harvesting in 3 years and, when mature, will be capable of yielding as much as 1,000 pounds more an acre than the present trees. The program is part of a new drive aimed at increasing quantity and quality of the output of the State's cocoa producers. Trees to be replaced cover some 250,000 acres—one-fifth of the State's total cocoa acreage.

At a mass meeting of Western Nigeria cocoa farmers last fall, Bola Ige, the State's Commissioner for Agriculture and Natural Resources, urged farmers to cooperate in the drive. He explained that the trees to be replaced had become moribund and it was useless to retain them.

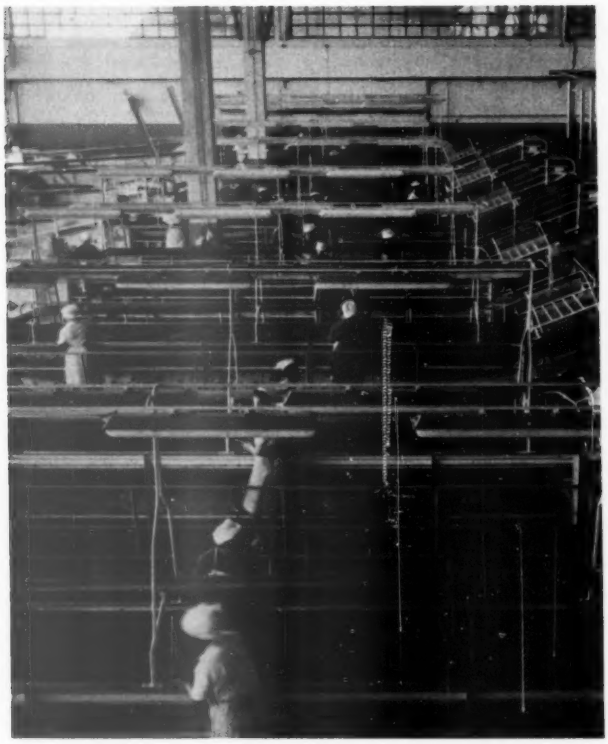
Commissioner Ige also urged the farmers to support the government in a new crusade to diversify agricultural production in the State. Farmers should not rely on cocoa production alone but should also cultivate such other crops as rubber, oil palm, kola nuts, citrus, and coffee, he said.

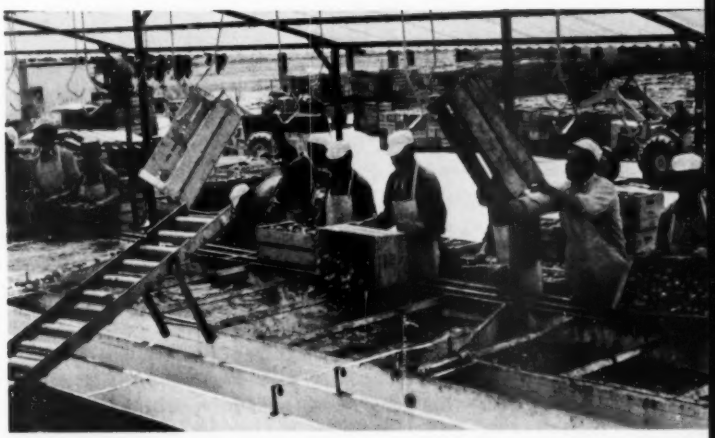
Based on dispatch from RADO J. KINZHUBER
Agricultural Attaché, Lagos



Above, harvesting tomatoes in Portugal, and right, delivering them to one of Portugal's 29 tomato processing plants. The tomato paste industry has grown dramatically in recent years and has come to be a leading foreign exchange earner for Portugal.

Portugal's Booming Tomato Paste Industry





Above, tomatoes are unloaded into troughs for washing; below, the end product—tomato paste—is packed for shipment to local and foreign markets.

Production line of a modern tomato processing plant. Just off press is a report on the industry—Portugal's Tomato Processing Industry, *FAS-M 196. Copies may be obtained from Room 5918-S, USDA, Washington, D.C. 20250.*

Ambitious programs to expand and improve Malawi's agriculture are helping "the land of Livingstone" to slowly realize that famous missionary's dream of better living conditions for Africans.

Malawi Aims for a Modern Agriculture

The dissolution of the Federation of Rhodesia and Nyasaland in December 1963 found Malawi (formerly Nyasaland) little prepared to chart a course as an independent nation. Of the three countries that had made up the Federation,[1] Malawi was the weakest in natural resources and industrial development, with a largely subsistence agriculture the main source of national income.

And this agriculture—although it accounted for over half the gross national product—was providing the average farmer in Malawi with less than $50 a year in cash income while turning out hopelessly low yields for many of the country's food crops.

In spite of all these marks against it, Malawi has made progress since 1963—much of it in expanding and modernizing agriculture. Some of the credit for this must go to weather, which also favored production in other parts of southeastern Africa. But another important factor has been the government's common-sense attitude toward agricultural development. This government spent nearly 25 percent of its development funds in 1967 for agriculture, with the biggest share for improving the production capacity of the village farmers.

And while other developing nations have spent their limited capital on expensive tractors and farm machinery, the government has emphasized tools like hoes that are really useful on Malawi's many small farms.

A bird's eye view of the country

Malawi is comparable in size to Pennsylvania, but its population, at 4.1 million, is only about a third of Pennsylvania's. Despite its lack of natural resources, the country has played an important role in development of southern Africa. It got its start in 1860 when the famous missionary David Livingstone discovered its Shire Highlands and set up a sanctuary there for Africans fleeing slave traders. Later, the country became a center for British development efforts, which helped extend the British Empire to much of southern Africa.

Despite the British influence, Malawi remained a predominantly African country, and today only about 2 percent of the farmland is owned by Europeans. Farms are mostly small and of a subsistence nature. Traditionally, they have been owned on a communal basis within the different tribes, although efforts are now underway to give individual farmers title to land.

Soil is good and climate favorable, but farming suffers—as in other African nations—from a dearth of know-how, modern equipment, and transportation and marketing facilities. Moreover, the productivity of the labor force is cut sharply because many of the able-bodied men work in nearby countries where they can obtain better wages.

Tobacco on top

One of the strong points of Malawi's agriculture is its diversification; there is no lopsided dependence on a single crop such as exists in many other African countries. In fact, the agriculture has become increasingly diversified as production of tobacco—the top cash crop—has dropped, and output of corn, pulses, sugar, and other crops has risen.

For tobacco, the decline has been a planned one, reflecting Malawi's attempt to cut back production of surplus tobaccos and to emphasize tobaccos like flue-cured and oriental that are in demand abroad. Thus, total tobacco production fell for the third straight year in 1967—to 35.6 million pounds from 40.6 million in 1966. However, Malawi farmers produced 49 percent more flue-cured than in 1966 and received 15.4 cents per pound more for it. The declines, on the other hand, occurred in fire-cured and sun/air-cured, surplus crops, whose prices were also off.

With the aim of continuing these trends, the government has introduced a quota system for 1967-68 production of fire-cured and sun/air-cured. For the latter type, this quota amounts to 18 million pounds.

Overseas customers take about 39 million pounds, or $14 million, of Malawi tobaccos. These customers include the West Coast African countries; Great Britain, which takes 3-4 million pounds of fire-cured annually and will buy all the flue-cured Malawi can produce; and France.

Tea, Malawi's second largest export crop, has followed quite a different course than tobacco, rising steadily over the last 3 years. It had a particularly good year in 1966, when production climbed more than 5 million pounds to a record 33.9 million. And another increase, to an estimated 35 million, meant another record for 1967. Yields in 1967 are estimated at an alltime high of 1,000 pounds per acre.

As an export, tea now earns something over $12 million annually, with two-thirds of total shipments going to the United Kingdom. The country has, however, been looking to other markets, particularly the Middle East, to take more of its expanded output.

Other big moneymakers

In addition to these top money earners, several other crops in Malawi have made impressive gains over the past couple of years.

Production of the major food item, corn, probably totaled 700,000 tons or more in 1967, with 90,000 of this commercial production. This is a sharp gain from the 12,000 to 15,000 tons produced commercially a few years back, reflecting improved producer prices and use of improved seed, better production practices, and more subsidized fertilizer.

[1] The other two members of the Federation were Rhodesia and Zambia. At the time of the breakup, Malawi began emerging from its position as a British protectorate to become an independent nation in July 1964; it remains today a member of the British Commonwealth.

Improved producer prices have also helped boost commercial production of peanuts, which last year hit an alltime high of nearly 50,000 tons (shelled) compared with only 20,000 - 25,000 a few years earlier. This commercial production consists mainly of high-grade confectionery peanuts for export; peanuts are also consumed in significant quantities by producers themselves.

Sugar production climbed to 20,000-25,000 tons last year from the 3,000-3,500 for 1966, making this country self-sufficient in sugar for the first time. Helping to bring about this big gain was the new sugarmill in the Shire River valley, which began operation in the latter half of 1966.

Rice production gained slightly in 1967, to 5,000 short tons, but more is expected of this crop. In fact, two demonstration teams from Taiwan are now working in the Northern and Southern Regions to help improve cultivation practices. Reportedly, the teams have evoked an enthusiastic response from farmers, and some sources believe output can be increased to 24,000 tons of paddy by 1975. The cotton crop, while up 3,000 tons from 1966, was 30 percent below the original target because of serious pest damage.

Most of this commercial agricultural production is marketed through the Farmers Marketing Organization, which has been expanded since independence. It purchases and markets commercial supplies of most nonperishable farm products except tea (European produced), flue-cured and moderate quantities of other European-produced tobaccos, and tung oil (produced on European farms and on a Commonwealth Development Corporation project).

In support of its agriculture, Malawi has emphasized related processing industries. In 1967, it opened up a new textile mill, which will take about 2,000 tons, or a third of the country's annual lint output. The local oilseed crushing industry has been expanded to process more of the peanut crop, and recently a new $160,000 hoe factory was opened. This new company claims it can produce about 1.4 million hoes a year, thus eliminating the need for hoe imports. While primitive compared with modern farm machinery, hoes represent a big step forward over previous methods of cultivation and are more useful on Malawi's many small farms than tractors or other heavy machinery.

Development spending stepped up

One factor behind these good results has been the government's emphasis on agricultural development, which according to Malawi President H. K. Banda, had to be stressed because there was nothing else.

Last year, agriculture got $4.8 million of a total development budget of $20.4 million. Nearly a third of this went to improve the extension service, a vital part of agricultural development in this country where know-how is so deficient. With the help of the extension program, farmers have been able to increase their fertilizer use from 1,000 tons in 1964 to 15,000 in 1967, to obtain more cotton sprayers and improved seed, and to expand valuable cash crops like tea, coffee, and Turkish tobacco.

Closely allied with extension is the farmer training program, which in 1967 was enlarged to include a new $140,000 model farm and 26 more rural training centers.

Other areas that have been emphasized include agricultural research and improved transportation and marketing facilities—the lack of which has greatly hindered agricultural expansion.

What does the government hope to get out of these development programs?

In general, the aim is an improved economy and a better living for the people, but specifically, here are some of the goals for Malawi's agriculture over the next decade or so:

- Corn—to double the acreage yield from the current average of 3.5 bags to 7 bags (200 lb. each) by 1985;
- Cotton—to increase production from 17,600 tons in 1967 to 69,700 by 1981;
- Tea—to increase output from over 34 million pounds in 1967 to 60 million in 1982;
- Coffee—to increase output from the present 200 tons to 1,219 by 1975.

Along with this production expansion must come reorganization of the pattern of land use and tenure through consolidation of holdings and establishment of title. The first step in this direction is now taking place in the Central Region around Lilongwe—the area where a new capitol for Malawi is to be built. Here, a World Bank team is working on a project involving 500,000 acres and about one-tenth of the population of Malawi.

When successful, this project will amount to a revolution in the agricultural and rural economy of the country, providing small farmers with enough land to make a decent living and with title to their land—something that is almost nonexistent under the current system of land tenure. The program will be supported by the extension service and by capital expenditures on roads, drainage, conservation works, increased use of fertilizer, and provision of credit.

U.N. projects planned

Also expected to have a big impact in the future are two studies under the United Nations special fund project for the Southern Region in Malawi.

First of these concerns the preparation of agricultural development projects in the Lower River area of the Southern Region. Here, attention will be given to developing rain-fed areas for the production of cotton. With good land use, the program could lead to an increase in yields from the current average of 400 pounds per acre to 1,000.

The second project, which is still in the planning stage, concerns the irrigation of the whole Lower River area. Source for this water, the Shire River, has great potential for power, as well as irrigation.

A final project that could have increasing significance in the years ahead is the Young Pioneers camp in the Lower River area at Makanga. An estate here is being cleared of bush for the settlement of selected Young Pioneers as farmers. After a period of training the Young Pioneers who prove themselves worthy will be given areas of land to farm, along with credit and tractors on a hire basis. This development will ensure a nucleus of modern cotton growers who can demonstrate the rewards of hard work and good farming practices.

New railroad to aid trade

Also promising to help Malawi are advantageous trade agreements with the Republic of South Africa and Portugal (including Mozambique) and plans for a new 140-mile railroad to connect Malawian-owned railroads to a new Mozambique railroad to the new deepwater port of Nacala in northern Mozambique. The latter development will provide more direct rail access than through the Mozambique port of Beira, not only for Malawi's exports and imports, but also for the portion of Zambia's exports presently moving by truck and rail through Malawi and Mozambique to Beira.

Based on dispatches from C. A. VIEIRA,
U.S. Agricultural Assistant, Salisbury, Rhodesia

Dutch Consumption of Cotton Declines in 1966-67

Mill consumption of raw cotton in the Netherlands declined further during the 1966-67 marketing year to 305,000 bales (480 lb. net) from 325,000 the year before. Production of cotton yarn is down, and cotton is facing increasing competition from wool and synthetics in both the clothing and the furniture-textile industries. On the marketing front, sales of cotton textiles and other products continued to meet with resistance both at home and abroad.

One of the Dutch industry's chief burdens is the over production of cotton textiles in the other European Economic Community countries, which accounted for 54 percent of Dutch exports of cotton fabrics in 1966. Until a balance between productive capacity and sales is reached in both the Netherlands and in the EEC, it is generally believed by the Dutch trade that the domestic industry's problems will continue.

Cotton imports larger

Imports of raw cotton in 1966-67 totaled 409,000 bales, up from 355,000 the year before. Although this seems like a substantial increase, much of the cotton imported into the Netherlands is reexported, and takings for domestic use rose only slightly. When reexported cotton is handled at interior ports rather than being handled and stored at seaports where forwarding agents have bonded warehouses—as much of it is—it appears in Dutch import and export statistics.

The U.S. share of Dutch cotton imports is declining sharply. From 29.7 percent in 1963-64, it dropped to 18.5 percent in 1964-65, 10.8 percent in 1965-66, and only 7.0 percent in 1966-67. Dutch importers say the United States is not offering enough long staple cotton, middling and above. (The U.S. cotton program for 1968 focuses on production of longer staple varieties. See *Foreign Agriculture*, December 11, 1967.) Brazil is chief supplier of the Dutch market, followed by Uganda, the United States, and the Sudan.

Imports of cotton fabrics in 1966-67 were down almost 7 percent from those of 1965-66. Here again, the decline was due to the recession in the domestic textile industry.

Sizable drop in exports

Exports of cotton fabrics dropped 11 percent in 1966-67 to 19,500 metric tons. Roughly 7 percent of these exports go to other countries in Europe, with West Germany and Belgium the chief customers. Because of keen competition and a recession in West Germany, prices on export markets were weak. Formation of the Common Market has not helped Dutch exports to other members of the Six. Since 1964, exports to France and Italy have done little more than hold steady. The Dutch trade feels that exports to Scandinavian countries would be higher were it not for the levies of the European Free Trade Association. As net importers of textiles, these countries are looked upon as natural outlets for Dutch cottons.

Cotton yarn exports declined 22 percent in 1966-67. West Germany and Belgium are the Netherlands chief markets for these, too.

Recognizing that the cotton-rayon-linen industry is an important part of the national economy—employing over 35,000 people—and that investments are endangered by the limited profits of the past few years, the Dutch Government has granted guaranteed credit of over 150 million Dutch guilders (about $41.4 million). The government hopes that this will give the industry an opportunity to keep up to date and, therefore, competitive (see *Foreign Agriculture*, July 17, 1967). In addition, industry and government will work together to iron out technical and commercial difficulties as they occur.

Japan's Baby-Chick Quarantine

Japan's *Daily Livestock News* reports that poultry producers in Gifu and Mie Prefectures are campaigning for tighter quarantine procedures on imported baby chicks. According to the newspaper, "The producers desire to extend the quarantine period from 2 weeks to 6 months in order to protect against diseases such as Newcastle."

Extension of the quarantine period has long been advocated by some small poultry organizations but has not been considered seriously. However, with formation of the Poultry Political League, the campaign could develop rapidly. A general meeting for establishment of the League—aimed at organizing all the country's poultry producers into a lobby-type group—was held in Tokyo on December 5. The League is also being supported chiefly by producers in Mie and Gifu Prefectures, who advocate branches throughout the country.

While the quarantine campaign is apparently being advanced by a few local, influential breeders, chick importers and breeders using the imported chicks are expected to resist their efforts to extend the quarantine period.

U.S. exporters of baby chicks would be most affected should the campaign succeed, since this country supplies most of Japan's imported chicks. From January to mid-November 1967, Japanese imports totaled 1,726,913 chicks, of which 1,625,980 came from the United States.

Ecuador-East Europe Trade

Ecuador's recent trade mission to Eastern Europe negotiated payment agreements for sales this year worth $28 million, including 66,000 tons of bananas, 14,000 of coffee, 2,500 of cocoa, and 45,000 of rice. Ecuador will purchase East European goods of equivalent value.

According to the president of Ecuador's Planning Board, sales to Communist countries may increase to perhaps $40 million annually, one-fifth of the country's total exports. He also announced that several East European countries have offered to supply credit with terms of up to 10 years.

Pakistan's Export Subsidies

Pakistan has announced subsidies on exports of jute and cotton to compensate for possible losses as a result of devaluation of the pound sterling. Large exporters of raw jute will receive a subsidy of 7 percent and small exporters, 8 percent. For cotton, it is 7 percent.

In its announcement, the government stated: "To avoid interruption in the flow of exports of raw jute and cotton, which are our primary export commodities, the government has decided to assist exporters, who are likely to suffer an exchange loss on sales of goods against contracts expressed in pounds sterling."

British Grain Use Forecast To Increase

British grain imports may not decline much in 1967-68 despite the country's record grain crop, according to the first supply-demand estimate of the U.K. Home-Grown Cereals Authority. This estimate shows the country's imports declining only about 4 percent as a result of sharply increased consumption of feedgrains and wheat plus an anticipated stock buildup.

The Authority's estimates bear out earlier predictions (*Foreign Agriculture*, October 2, 1967) of a record 1967 grain crop of 14.4 million tons—more than a million above the 1966 figure. Both wheat and feedgrain production benefited in 1967, rising 11 and 8 percent, respectively, and yielding high-quality grain.

Slight rise for wheat imports

For wheat, the Authority's estimate is the same as the earlier one of 3.8 million long tons, compared with 3.4 million in the previous year; quality is generally good, but protein content has been disappointing. Hence, flour millers are expected to purchase only about 1 percent more of this crop than the last one, while use of wheat as feed will probably rise 12 percent.

Imports of wheat in 1967-68 are put at 4.2 million tons—40,000 more than in 1966-67. About one-fifth of such purchases in recent years have come from the United States, which counts the United Kingdom as its second largest commercial market for wheat and flour.

Feedgrain production is estimated at 10.6 million tons in 1967, compared with 9.7 million in 1966, with barley accounting for 86 percent of the total. On the demand side, the Authority forecasts a gain of 120,000 tons in human consumption of these grains and of 670,000 in animal feed uses. This means a total increase of 900,000 tons in use of grains (including wheat) for animal feeding. The larger consumption is based on expected larger animal populations and a normal feeding season in contrast to the mild winter and spring of 1966-67.

Import requirements of feedgrains in 1967-68 are put at 3.7 million tons, or about 400,000 lower than in 1966-67. The United States normally furnishes over 50 percent of this total.

Partly responsible for the anticipated drop in feedgrain imports is a decline in barley exports, projected at 500,000 tons in the face of reduced foreign demand. The Authority also reports that feedgrain stocks could increase by about 250,000 tons but emphasizes that it is too early in the season to be definite.

It is notable that of the projected feedgrain imports totaling 3,650,000 tons, all but 770,000 had already been imported or firmly committed. This is largely a result of heavy advance buying of attractively priced corn.

TOTAL ESTIMATED CEREAL SUPPLIES

Item	1966-67	1967-68	Change
	1,000 long tons	*1,000 long tons*	*1,000 long tons*
Home-grown:			
Wheat	3,420	3,800	+ 380
Barley	8,590	9,100	+ 510
Other coarse grains	1,200	1,450	+ 250
Total	13,210	14,350	+1,140
Imports:			
Wheat	4,110	4,150	+ 40
Coarse grains	4,050	3,650	— 400
Total	8,160	7,800	— 360
Total estimated supplies:			
Wheat	7,530	7,950	+ 420
Coarse grains	13,840	14,200	+ 360
Grand total	21,370	22,150	+ 780

U.K. Home-Grown Cereals Authority.

ESTIMATED U.K. CEREAL CONSUMPTION

Item	1966-67	1967-68
	1,000 long tons	*1,000 long tons*
For human consumption:		
Wheat	5,290	5,350
Barley and other coarse grains	2,580	2,700
Total	7,870	8,050
For animal feed:		
Wheat	2,100	2,350
Barley and other coarse grains	9,580	10,250
Total	11,680	12,600
For export, seed, and other uses:		
Wheat	260	250
Barley and other coarse grains	1,730	1,250
Total	1,990	1,500
Total estimated consumption:		
Wheat	7,650	7,950
Barley and other coarse grains	13,890	14,200
Grand total	21,540	22,150

U.K. Home-Grown Cereals Authority.

Devaluation not considered

A factor in the import position for feedgrains not considered by the Authority is the effect of the devaluation of the British pound. Normally, this might be expected to lessen import demand in view of the large home crop. However, because of the heavy forward buying the effect of devaluation on imports is largely precluded for this season.

Way To Expand Wool Output

The Commonwealth Scientific and Industrial Research Organization is claiming a chemical breakthrough which could more than double wool produced per sheep.

The Division of Animal Physiology of the CSIRO found several years ago that proteins inserted into the fourth stomach (abomasum) of a sheep caused a remarkable increase in wool growth. When 2 ounces of the milk protein casein were inserted into the abomasums of sheep fed on a mere survival diet, the wool production rate jumped from 5 pounds a head to 15-20.

However, when the sheep is fed by mouth, the food is fermented in the rumen and only a small amount of the protein gets through to the fourth stomach. CSIRO scientists have tried four possible ways of ensuring that protein fed by mouth can get through to the abomasum: (1) Coating the feed with a bacteria-resistant substance which will not dissolve until in contact with acid in the abomasum. (2) Decreasing the time the food spends in the rumen by increased liquid intake or by the use of drugs. (3) Using drugs to inhibit the rumen bacteria that break down protein. (4) Treating protein chemically to make it resist bacterial attack in the rumen. (This last method appears to be the most promising.)

An alternative method is possible. Scientists say that as little as 1 or 2 grams daily of certain sulphur-containing amino acids will exert the same effect as proteins in the abomasum. The amino acids can be coated with protein, treated chemically, and given as a feed supplement.

The CSIRO's latest annual report comments: "ramifications of all this work are very wide, and a number of patent applications have been made in consequence."

German Mixed Feed Need Ups U.S. Soybean Sales

Record exports of U.S. soybeans at 280-300 million bushels are expected in 1967-68, a substantial increase over the 257-million bushel record set last year. Higher estimate figures are due principally to larger shipments to Japan and Western Europe, with West Germany continuing as an especially good market. In 1966-67 almost 22 percent of U.S.-Europe soybean exports went to West Germany.

Soybeans, generally considered as the source of oil for human consumption, are also an excellent source of high protein animal feed, and it is this that most interests German oilseed crushers. Domestic production of soybean meal from imported soybeans is about twice the amount imported directly as meal. During 1966 total consumption of oilcakes and meals in Germany exceeded 4 million metric tons, a record amount. Imports of soybean meal rose from 470,000 metric tons in 1965 to 755,200 last year, with the U.S. share increasing from 76.9 percent of the total to 78.6 percent.

A solid market for U.S. soybeans

Today U.S. soybeans account for about 90 percent of world soybean trade. West Germany, where market growth has been both rapid and firmly founded, feels this influence strongly. Traditionally dependent on imports to meet its oilseed demand, Germany last year set a record, taking almost 2-1/2 million metric tons. Soybeans composed 70 percent of this total, 95 percent supplied by the United States.

U.S. soybeans find little competition from the German oilseed crop, which last year totaled only about 100,000 metric tons. In fact its low oilseed production level insures relative stability for foreign oilseed trade. Soybeans and meal imports from the United States during the past 4 years are as follows:

Year	Quantity		Value	
	Soybeans	Soybean meal	Soybeans	Soybean meal
	1,000 metric tons	*1,000 metric tons*	*1,000 U.S. dol.*	*1,000 U.S. dol*
1964....	1,355.8	246.9	145,630	22,704
1965....	1,216.6	357.6	138,885	33,735
1966....	1,593.3	592.3	185,209	58,811
1967 (Jan.-Sept.)	627.7	322.1	39,311	37,374

Increased demand for high protein feeds for the growing number of cattle, pigs, and chickens in this country has been a major factor contributing to the rise in both soybean and meal imports. In turn, the mixed feed industry relies on the meal provided by domestic oilseed crushers. Today this industry includes 13 major plants with solvent extraction equipment for processing soybeans located mainly in Hamburg and the Ruhr industrial area, the destination for most soybean, and soybean meal imports.

Soybeans, with their high protein content, provide the meal desired, but a problem for the oilseed crushers is utilization of the oil produced in the process of grinding beans to meal. The opinion is often heard that imports of U.S. soybeans would be even higher, if greater demand could be found for the oil produced when crushing the beans.

The United States can reasonably expect to maintain its share of the German market. Demand is growing; the United States is a reliable supplier of top-quality soybeans. One potential detracting factor is price competition that could conceivably—though not immediately—come from other oil seeds.

—ALEXANDER BERNITZ
U.S. Assistant Agricultural Attache, Bonn

British Devaluation May Pinch Danish Farmers

Denmark exports two-thirds of its agricultural output, and one of its chief customers is Britain. Certain Danish livestock products, such as butter and bacon, have an almost exclusively British market—between 80 and 90 percent are sold in the United Kingdom. Danish export prices and consequently farm income have been adversely affected by the difference in the rates of the recent currency devaluations of the two countries. Britain devalued the pound by 14.3 percent on November 18, 1967; Denmark devalued the krone by 7.9 percent on November 21. Danish goods sell in Britain for almost the same number of shillings and pounds as before devaluation; but since the British money is now worth less, the Danish producer gets fewer kroner for the same goods than before devaluation. Also, the kroner he gets are able to buy less on a foreign market.

Further worsening the financial position of the Danish farmer is the fact that some of Denmark's competitors have devalued their currencies more than Denmark and can undersell Danish agricultural goods both in Britain and other countries. Both Britain and Ireland now are in a preferential position relative to Denmark in agricultural markets. New Zealand, because it devalued 19.45 percent, or 11.55 percent more than Denmark, may capture part of Denmark's butter market in Britain.

Danish farmers' organizations have demanded compensation from the Danish Government for the loss of real income resulting from the unequal rates of Danish and British currency devaluations and other factors. Such organizations have calculated that Denmark's farmers will annually lose about US$6.9 million in butter sales, $15.3 million in bacon and pig sales, and $29.2 million for all agricultural products sold in Britain. In 1966 Danish butter sales to the United Kingdom were $100 million, bacon and pig sales were $263 million, and total agricultural sales were $568 million.

In addition, Danish farmers may lose as much as $2.5 million a year in export earnings because of sales lost to New Zealand's cheaper agricultural products. However, because Denmark expects to increase its agricultural exports to countries that did not devalue their currencies, farmers expect to earn an extra $20.8 million a year from exports.

The net loss in export earnings would be $10.9 million. Total earnings were about $1 billion for agricultural exports in 1966.

Other pinches on the Danish farmer after devaluation may be increased prices of imported raw materials, increased shipping costs, and higher domestic costs due to wage and price increases. Losses due to increased production costs are estimated at about $26.7 million a year.

The total annual loss to Danish agriculture is estimated at $37.6 million, or between about 3 and 4 percent of the country's total agricultural earnings.

Based on dispatch from ARTHUR M. ROLLEFSON
U.S. Agricultural Attache, Copenhagen

CROPS AND MARKETS SHORTS

Report on Rotterdam Grain Prices

During the week ending January 3, 1968, virtually all offers for wheat in Rotterdam declined, with both Canadian and U.S. Spring off 1 cent per bushel. U.S. Hard Winter declined 2 cents, while Soft Red dropped 3 cents. Argentine prices declined 4 cents.

Offers for U.S. corn were down 2 cents per bushel. South African corn was not offered. Argentine corn was not offered for February, but the March prices were quoted at $1.60 per bushel.

Item	Week ending Jan. 3	Week ending Dec. 27	A year ago
	Dol. per bu.	*Dol. per bu.*	*Dol. per bu.*
Wheat			
Canadian No. 2 Manitoba	2.07	2.08	2.29
USSR 121	2.00	2.00	[2]/
U.S. No. 2 Dark Northern Spring, 14 percent	1.95	1.96	2.05
U.S. No. 2 Hard Winter, 12 percent	1.83	1.85	1.91
Argentine	1.80	1.84	1.91
U.S. No. 2 Soft Red Winter	1.73	1.76	1.89
Corn:			
U.S. No. 3 Yellow Corn	1.40	1.42	1.61
Argentine Plate	1.60[2]/	1.60[2]	1.83
South African White			

[1]Not quoted. [2]For March delivery, noted quoted for February. Note: All quotes c.i.f. Rotterdam and for 30- to 60-day delivery.

Mozambique Becomes Corn Exporter

Bumper corn crops in the past 2 years have changed Mozambique's position from one of a net importer of corn to net exporter. At the end of the 1966-67 season Mozambique had an estimated surplus of 120,000 metric tons. The Cereals Institute, responsible for the marketing of all locally grown corn, recently announced sales of 66,000 tons of corn to Portugal and 11,000 to Great Britain. Shipments began in December from the port of Beira.

Philippine Coconut Product Exports

Registered exports of copra from the Philippine Republic during November 1967 totaled 56,000 long tons, compared with 58,952 in November 1966. Of the total, 21,250 tons moved to the United States, against 12,250 a year earlier.

Exports of coconut oil were 24,238 long tons, down from 26,874 in November 1966. Movements to the United States were 22,731 tons compared with 25,624 in November 1966.

Based on registrations, cumulative Philippine exports of copra and coconut oil during January-November 1967 totaled 657,261 long tons (oil equivalent basis)—19 percent below the 815,053 exported during the same period a year earlier.

Desiccated coconut exports for November 1967 totaled 6,035 short tons. Cumulative exports through November were 61,637 tons, 3,909 below those of January-November 1966. Of the total, 47,054 tons moved to the United States, compared with 48,315 in the 1966 period.

Meat Imports Subject to Quota

U.S. meat imports subject to provisions of the Meat Import Act (Public Law 88-482) totaled 82.3 million pounds in November 1967—35 percent more than for the same period a year earlier when imports were 61.1 million pounds. Imports for the first 11 months of 1967, at 822.5 million pounds, were up 9 percent from the 740.1 million pounds for the first 11 months of 1966.

U.S. IMPORTS OF MEAT SUBJECT TO MEAT IMPORT LAW (P.L. 88-482)

Imports	November	Jan.-Nov.
	Million pounds	*Million pounds*
1967:		
Subject to Meat Import Law[1]	82.3	822.5
Total beef and veal [2]	88.9	902.1
Total red meat [3]	120.3	1,242.4
1966:		
Subject to Meat Import Law [1]	61.1	757.4
Total beef and veal [2]	72.2	820.7
Total red meat [3]	100.3	1,170.6
1965:		
Subject to Meat Import Law[1]	57.2	560.2
Total beef and veal [2]	64.5	639.5
Total red meat [3]	90.0	915.3

[1]Fresh, chilled, and frozen beef, veal, mutton and goat meat. [2]All forms, including canned and preserved. [3]Total beef, veal, pork, lamb, mutton and goat.

USSR Cotton Crop at Record

Raw cotton production in the USSR is reported at around 9.4 million bales (480 lb. net) in 1967-68 (August-July), compared with the previous record of 9.3 million a year earlier. The 1967-68 crop is about 2 million bales above the 1960-64 average of 7.4 million. Average yield in 1967-68, at 765 pounds of lint per acre, was the highest on record. Acres in cotton are placed at 5.9 million, compared with around 6.1 million in 1966-67.

The crop damage—the result of heavy rains in the early part of the season followed by below normal temperatures and delayed maturity—was probably offset by the effect of greater fertilizer inputs. Despite the unfavorable weather throughout the cotton producing areas of Central Asia, planned production levels were reportedly reached, and exceeded in some instances. Harvesting operations were advanced in the Uzbekistan area, the major producing area, by the use of 27,000 cotton picking machines in 1967-68. About 30 percent of the Soviet cotton crop was picked by mechanical harvesters last season.

Cotton consumption in the Soviet Union is estimated at around 7.5 million bales in 1966-67, an increase from about 7.2 million in 1965-66. A further slight increase is anticipated for the current season.

USSR exports are estimated at 2.4 million bales in 1966-67, compared with about 2.3 million a year earlier. Exports for the current season are placed at 2.2 million bales. Most of the cotton exports went to countries in Eastern Europe until 2 years ago, with only 250,000-300,000 bales a year being shipped to non-Communist countries.

In 1965-66, shipments to non-Communist countries amounted

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to around 600,000 bales, and in 1966-67, to about 700,000. Exports to Japan, in particular, were sharply higher during 1966-67, compared with the previous season. Other non-Communist countries purchasing larger quantities of Russian cotton in 1966-67 included France, the United Kingdom, West Germany, Finland, Italy, and Canada.

Free World countries exported about 800,000 bales to the USSR in 1966-67, down 100,000 from a year earlier. Exports to the USSR by major country of origin and quantity of cotton (in thousands of bales) were Egypt 452, Syria, 108, Brazil 68, Afghanistan 42, Pakistan 32, Iran 29, and Greece 29.

Cotton stocks on August 1, 1967, were placed at 1.6 million bales, compared with 1.5 million on the same date of the previous year.

U.S. Tobacco Exports in November

U.S. exports of unmanufactured tobacco in November 1967, at 66.8 million pounds (export weight), were a little below the 70.2 million shipped out in November 1966. Exports of flue-cured, Kentucky-Tennessee fire-cured, and Maryland were larger, while those of burley and Virginia fire-cured were below those of November 1966. The export value for November 1967 was $59.0 million, compared with $62.2 million in the preceding year.

Total exports for the first 11 months of 1967 were 503.5 million pounds, up 5.1 percent from the 478.9 million shipped out in January-November 1966.

U.S. EXPORTS OF TOBACCO PRODUCTS

Kind	November		January-November		Change from 1966
	1966	1967	1966	1967	
	1000 pounds	*1,000 pounds*	*1,000 pounds*	*1,000 pounds*	*Percent*
Cigars and cheroots					
1,000 pieces	4,775	6,911	69,122	72,541	+ 4.9
Cigarettes					
Million pieces	1,941	1,824	21,885	21,602	- 1.3
Chewing and snuff					
1,000 pounds	40	7	345	260	-24.6
Smoking tobacco in pkgs.					
1,000 pounds	72	152	862	1,294	+50.1
Smoking tobacco in bulk					
1,000 pounds	1,637	732	12,902	14,293	+10.8
Total declared value					
Million dollars	11.3	10.3	119.8	124.7	+ 4.1

Bureau of the Census.

Exports of tobacco products in November 1967 were valued at $10.3 million, compared with $11.3 million for November 1966. For the first 11 months of 1967, the total value of all tobacco product exports was $124.7 million, up 4.1 percent from the previous year.

U.S. EXPORTS OF UNMANUFACTURED TOBACCO
[Export weight]

Kind	November		January-November		Change from 1966
	1966	1967	1966	1967	
	1000 pounds	*1,000 pounds*	*1,000 pounds*	*1,000 pounds*	*Percent*
Flue-cured	52,773	53,152	363,206	374,415	+ 3.1
Burley	5,906	2,180	42,365	42,144	- .5
Dark-fired Ky.-Tenn.	1,757	2,024	15,200	19,624	+29.1
Va. Fire-cured[1]	1,402	400	5,951	3,950	-33.6
Maryland	1,038	2,338	9,160	14,333	+56.5
Green River	5	0	462	858	+85.7
One Sucker	296	230	425	1,029	+142.1
Black Fat	265	189	3,153	3,546	+ 12.5
Cigar wrapper	168	304	4,253	3,515	- 17.4
Cigar binder	73	134	1,857	1,754	- 5.5
Cigar filler	258	21	1,557	659	- 57.7
Other	6,241	5,862	31,265	37,626	+ 20.3
Total	70,182	66,834	478,854	503,453	+ 5.1
	Mil. dol.	*Mil. dol.*	*Mil. dol.*	*Mil. dol.*	*Percent*
Declared value	62.2	59.0	414.1	439.1	+ 6.0

[1]Includes sun-cured.
Bureau of the Census.

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